

Airlife Gases Private Limited

Valuation as on 30th September, 2024 | | Issued on 31st December, 2024



Sudha Bhushan

Registered Valuer (IBBI) – **Securities or Financial Assets**

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To,
The Board of Directors,
Airlife Gases Private Limited
Address: 703, Montreal Business Centre, Tower 1,
India, Baner Gaon, Pune, 411045, Maharashtra, India.

Subject: Valuation of Equity Share of Airlife Gases Private Limited as on 30th September, 2024

Ms. Sudha Bhushan Registered Valuer having registration number IBBI/RV/07/2019/12234 has been appointed by **Airlife Gases Private Limited** (hereinafter referred as “**Airlife**” or “**the Company**”) a company incorporated under the laws of India under Companies Act, 2013 having CIN U74999PN2019PTC183575, as to determine the valuation of Equity Share under Section 62(1)(c) of The Company Act, 2013 and read with the Companies (Share Capital and Debentures) Rules, 2014, as on 30th September, 2024, and issue the valuation report.

This valuation report is issued pursuant to requirement by **Airlife** for valuation of equity share as on 30th September, 2024 for issuance of shares under section 62(1)(c) of Companies Act, 2013. Based on the Audited Financials (Consolidated) for FY 2020-21 to FY 2023-24, Actual Consolidated Financials from 01.04.2024 to 30.09.2024 (Actual & Unaudited), and Projected Consolidated Financials from 01.10.2024 to 31.03.2025 and Consolidated Projected Financials for 5 years from 31st March, 2026 to 31st March, 2030 provided to us, we have arrived at the Fair value of Equity Share of **Airlife** at Rs. 888.34 on 30th September, 2024 by using Income based approach (Discounted Cash Flow Method)

Our valuation report is based on the projections and other details mentioned in above para, provided to us by the management. Our work does not constitute an audit or validation of the financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position.

It is hereby confirmed that there is no conflict of interest at any time during or after the Valuation of assets in doing this assignment.

On behalf of Registered Valuer,

**SUDHA
BHUSHAN**

Digitally signed by SUDHA
BHUSHAN
Date: 2024.12.31 13:55:45
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Ms. Sudha Bhushan
Registered Valuer (Reg. No.: IBBI/RV/07/2019/12234)
Date: 31st December, 2024 | Place: Mumbai

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A. SUMMARY OF VALUATION

- **Name of client / beneficiary:** Airlife Gases Private Limited
- **Purpose:** Valuation of Equity Shares for issuance of share under Section 62(1)(c) of The Company Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014
- **Fair value** for the Equity Share as on 30th September 2024 is Rs. 888.34/-
- **Date of valuation:** 30th September, 2024
- **Date of appointment of Registered Valuer:** 17th October, 2024
- **Date of signing of valuation report:** 31st December, 2024
- **Report signed by:** Registered Valuer, Sudha Bhushan (Reg. No. IBBI/RV/07/2019/12234)

B. PURPOSE & SOURCES OF INFORMATION

❖ Scope & Purpose

- Airlife is the company registered at Registered Office: 703, Montreal Business Centre, Tower 1, India, Baner Gaon, Pune, Pune City, Maharashtra, India, 411045. The company got registered on 18th April, 2019 and having CIN U74999PN2019PTC183575
- Airlife is an emerging supplier of Helium, Speciality & Industrial Gases and Bulk Gases
- The authorised share capital of the company is Rs 16,00,00,000/- and paid-up share capital is Rs. 9,05,01,000/-.
- The purpose of valuation is to evaluate the fair value of the equity share of the Airlife for further issuance of shares under section 62(1)(c) of the Companies Act, 2013 read with read with the Companies (Share Capital and Debentures) Rules, 2014. For this purpose, the company has requested for valuation of equity share of the company as on 30th September, 2024.
- The company has engaged Ms. Sudha Bhushan, Registered Valuer, IBBI/RV/07/2019/12234 on 17th October, 2024, to arrive at the fair value of equity share as on 30th September, 2024 and issue the valuation report.
- The information contained herein in this report is confidential. It is intended only for the sole use and information of the company and only in connection with Pre-IPO purpose and for obtaining regulatory approvals, if any.

❖ Sources of Information

For the purpose of this report the following documents have been perused and relied upon by us.

- From the Management
 - Audited Financials (including Consolidated Financials) & Income tax return copy from FY 2019-20 to FY 2023-24
 - Actual Financials of the from 01.04.2024 to 30.09.2024 (Standalone and Consolidated)- Unaudited.
 - Projected Financials of the from 1.10.2024 to 31.03.2024 (Consolidated)
 - Projected Financials from 01.04.2025 to 31.03.2030 (Consolidated)
 - Bank Statements & Loan statements till 30.09.2024
 - Lease reserve working
 - Future Outlook
 - AOA and MOA
 - Form 3CEB for FY 2022-23 & FY 2023-24
 - Board resolution dated 17th October, 2024 for Appointment of Valuer
- Details fetched from website <https://Airlifegases.com/>
- Detailed note about the company and future outlook.
- Discussions through e-mail communications and telephonic conversation with the management of the company.
- MCA Portal (For Company Basic Details).
- Information on business, Financials (including Assumptions and other factors) and profile provided by the company.
- Other relevant information as available in the public domain.
- We have also placed reliance on the verbal explanations and information given to us by the senior executive and professionals of the company (Mr Sachin Yeola – Director-Strategies & Mr. Digamber Kumbhar- Manger Account & finance)

Note: We would like to add that the management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

C. COMPANY OVERVIEW

❖ Key Business Initiatives/Activities of the Group Company

Key Profile of the Company

- **Airlife** is the company registered at Registered Office: 703, Montreal Business Centre, Tower 1, India, Baner Gaon, Pune, Pune City, Maharashtra, India, 411045. The company got registered on 18th April, 2019 and having CIN U74999PN2019PTC183575
- The company is an unlisted non-government company, limited by shares.
- **Airlife** is an emerging supplier of Helium, Speciality & Industrial Gases and Bulk Gases. The company deals into Liquid Helium (Gaseous Helium), Speciality Gases (Atmospheric Gases), Bulk gases (for ISO Tank). It serves the sectors into Auto Ancillaries, Health Care, Pharmaceuticals, Fibre Optics, Steel Industry and Food & Beverage etc.
- At present the Airlife is having two wholly owned subsidiaries, which are Airlife Gases USA, Inc. (USA based) and Airworks Limited (Hongkong based), which are dealing into helium and other specialty gases.
- Airlife will be setting up one new Transfill in USA (FY 2025-26) and two Transfill in two more countries in Europe (FY 2025-26) and Asia (FY 2026-27) in future.
- There is a significant contribution of Mr. Kiran Karnwawat, who is an entrepreneur with significant experience in operating successful ventures in Industrial & Speciality Gases. With an experience of more than 15 years in Indian gas market, he was instrumental in growing a start-up Industrial Gases 'K-Air Speciality Gases' into one of the top 5 companies in India, especially in Helium & Speciality Gases. 'K-Air' entered into a strategic JV in 2010 with Matheson Inc, US owned by now 'Nippon Sanso Group', globally the 5th largest player in the Industrial Gases market.

❖ Details form MCA (31st December, 2024)

Basic Information of the Airlife as on 31st December, 2024

CIN	U74999PN2019PTC183575
Company Name	Airlife Gases Private Limited

Date of Incorporation	18/04/2019
Registered Address	703, Montreal Business Centre, Tower 1, India, Baner Gaon, Pune, Pune City, Maharashtra, India, 411045
Listed in Stock Exchange(s) (Y/N)	NO
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Private
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	16,00,00,000
Paid up Capital (Rs)	9,05,01,000
Date of last AGM	30/09/2023
Date of Balance Sheet	31/03/2023
Company Status	Active
RD (name and Region)	RD, Western Region

Key Management of Airlife

Directors/Signatory Details	
Kiran Indrabhan Karnawat	Director
Rupali Karnawat Kiran	Director
Rajaram Mahadev Rembare	Director
Munjaji Purbhaji Dhumal	Company Secretary



Future Outlook:

- With the expertise of management and highly skilled team, Airlife is on expansion verge at global level.
- Airlife stands out as the sole supplier in the country and one of the few globally with helium sources secured across the US, Canada, Qatar, Algeria, and Russia. This geographic diversification protects against plant shutdowns and geopolitical issues, ensuring a reliable supply even during market disruptions. Each source provides a contingency plan to handle any potential disruptions.

- Having geographically diversified sourcing arrangements, Airlife is in process of setting up of the new trans fills as below, in addition to the existing trans fills in Pune:
 - USA Transfill 2 – Pennsylvania, in December 2024
 - USA Transfill 3 – Location TBD, in October, 2025
 - Europe Transfill 4 – Location TBD, in October, 2025
 - Asia Transfill 5 – Location TBD (Middle East), in October, 2026
- In addition to Helium, Airlife is also focusing on the ESG required by the semiconductor industry and solar panel manufacturing companies.

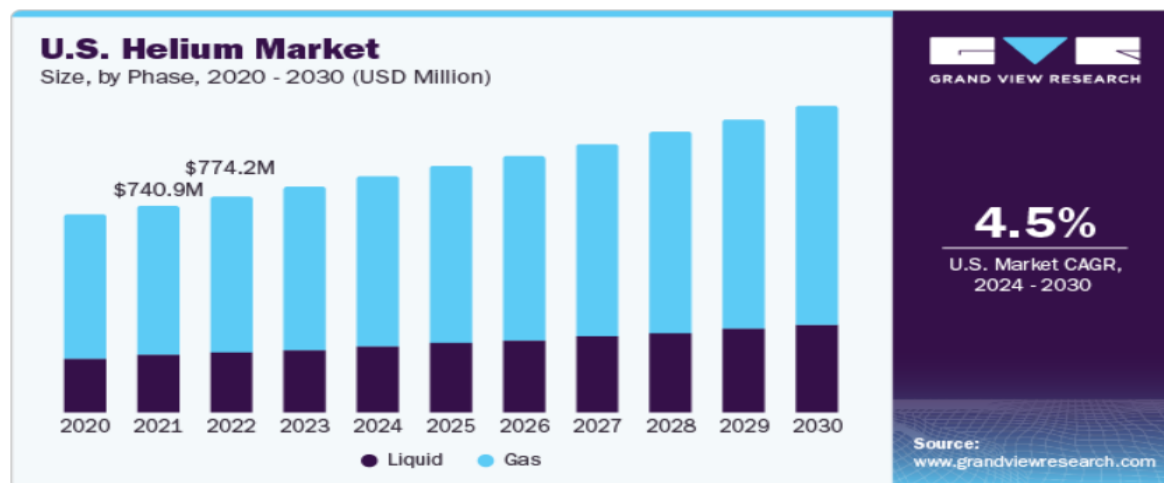
D. VALUATION

❖ Industry Overview¹

Helium Market Size & Trends

The global helium market size was estimated at USD 3,613.2 million in 2023 and is expected to grow at a compound annual growth rate (CAGR) of 6.7% from 2024 to 2030. This is attributed to increasing product usage in numerous end-use industries like aerospace, defense, medical, electronics & electrical, and energy sectors among others. Helium is an essential component in various scientific experiments and research, particularly in fields, such as physics, chemistry, and materials science. As scientific research continues to advance, the product demand remains high. The global industry is experiencing an uptick in competitive activity, with both domestic and international manufacturing firms vying for market share. While multinational corporations hold a substantial portion of the industry, several domestic companies based in nations like Canada, Qatar, Russia, and India are consolidating their presence.

¹ <https://www.grandviewresearch.com/industry-analysis/helium-market-report>



According to the U.S. Department of the Interior, helium ranks as the second most widely available element, following hydrogen. It is an odourless and colourless inert gas, distinguished by its exceptional characteristics. It is considered a finite natural resource, primarily extracted from natural gas reservoirs. The geologic characteristics of regions like Texas, Oklahoma, and Kansas result in some of the highest product concentrations in the world within the natural gas found there, ranging from 0.3 to 2.7 percent. While helium is commonly recognized as a safe, non-flammable gas utilized for inflating balloons, its significance extends far beyond these applications. It serves as a pivotal element in various domains, encompassing scientific research, advanced medical technology, high-precision manufacturing, space exploration, and national defense.

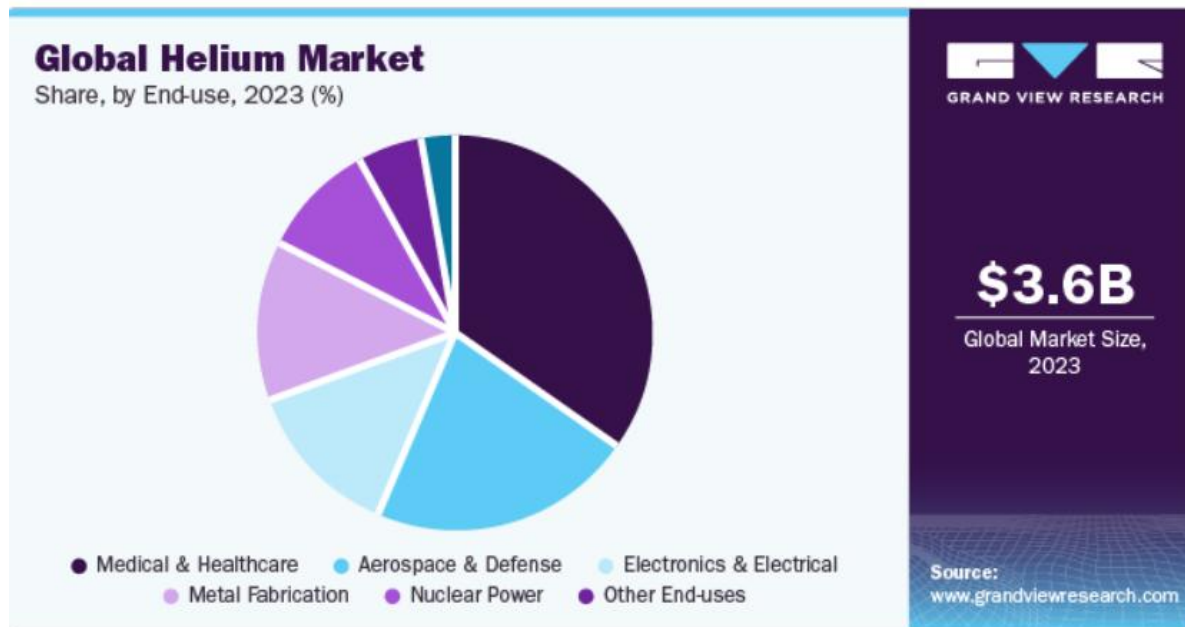
For instance, the medical sector relies on helium for critical diagnostic equipment, notably in MRI machines. In the defense industry, it plays a crucial role in rocket engine testing, scientific balloons, surveillance aircraft, air-to-air missile guidance systems, and numerous other essential applications. The global market exhibits distinctive characteristics in terms of supply, demand, and storage, which have led to a nearly constant escalation in prices. In the past decade, helium demand has remained stagnant, primarily due to limited supply, despite a backdrop of 30% global GDP growth. Unlike the typical relationship between GDP growth and commodity demand, product prices rise each year.

According to AKAP Energy, over the past two decades, helium pricing has displayed a CAGR of 8%, reaching approximately \$375 per thousand cubic feet (mcf) by late 2022. This figure is approximately 100 times the current pricing of natural gas in the United States. In recent years, the escalating global helium shortage has emerged as a pressing issue, driven by the diminishing availability of this precious gas. Helium, a rare and invaluable resource, finds utility across diverse sectors including healthcare, electronics, and aerospace. The product supply remains finite and

constrained, with its principal source being extraction from natural gas reserves. Concurrently, product demand has been on the rise, propelled by its exceptional attributes, including its remarkably low boiling point, rendering it an ideal choice for a multitude of applications.

End-use Insights

The medical & healthcare segment accounted for a revenue share of 40.00% in 2023. This is attributed to the increasing product usage in various areas of applications in the medical & healthcare sectors, such as MRI machines, endoscopy, laser technology, breathing mixtures, spectroscopy, and in positron emission tomography (PET), among others. Helium-filled aerostats, tethered balloons, or blimps are used for surveillance and monitoring purposes. They provide a stable platform for various payloads, including radar, cameras, and communication equipment, which are used in border security, military surveillance, and disaster management.



Furthermore, it is used in spacecraft as a pressurant gas for propulsion systems, as well as for cooling sensitive equipment and instruments. Its low boiling point and inert nature are advantageous in the vacuum and extreme conditions of space. Product usage in the nuclear power sector is growing, particularly in the development of next-generation nuclear reactors & advanced gas-cooled reactors. Its effectiveness as a coolant and its

compatibility with nuclear processes contribute to its extensive usage in this industry. However, product demand, even within this sector, must be managed carefully due to its limited supply. Efforts to secure helium resources & enhance its usage in nuclear power continue to be a priority.

Phase Insights

The gas phase dominated the global market with a revenue share of approximately 72% in 2023. This is attributed to increasing product adoption in various areas of applications including leak detection, gas chromatography, welding & cutting, cooling & refrigeration, and in nuclear power, among others. Furthermore, helium gas is indispensable in the realm of scientific research and experimentation, spanning disciplines, such as physics, chemistry, and materials science. It plays a critical role in cryogenic studies, low-& temperature investigations, and serves as a carrier gas in a multitude of analytical instruments.

Cutting-edge technologies and innovations, like quantum computing and quantum communication, frequently depend on superconducting components that necessitate liquid helium for precise cooling. These emerging technologies play a significant role in the growing requirement for the product. Moreover, it is a finite resource with restricted availability. The majority of global production is derived as a byproduct of natural gas extraction, and not all natural gas reservoirs contain helium. With depleting existing helium reserves and the challenge of finding new sources, product scarcity further fuels its demand.

Regional Insights

North America held a dominant revenue share of 36.00% in 2023 due to the presence of abundant reserves of helium-rich natural gas. In addition, the U.S. is home to the Federal Helium Reserve, which was established in 1925 and is one of the world's largest helium storage facilities. The reserve has played a significant role in the global market by supplying the product to various industries. Europe also holds a significant share, in terms of production as well as consumption of the product from various end-use industries. Europe has a well-established healthcare sector that relies on helium for medical imaging equipment, primarily magnetic resonance imaging (MRI) machines.



It is used to cool the superconducting magnets in MRI scanners, ensuring the stability of magnetic fields and high-quality imaging. The demand for healthcare services & diagnostic imaging drives product consumption in this sector. Asia Pacific serves as a worldwide center for electronics production, with prominent nations including China, Japan, South Korea, and Taiwan leading the semiconductor & electronics sectors. Helium plays a critical role in semiconductor manufacturing, electronics production, and R&D endeavors. Rising demand for consumer electronics and technological advancements are likely to further boost product demand in the electronics industry.

Application Insights

The cryogenics application segment held the largest revenue share of 23 % in 2023. Helium is one of the few substances that can achieve and maintain extremely low temperatures. It is often used to cool materials and equipment to temperatures close to absolute zero (-273.15°C or -459.67°F), which is essential for various scientific experiments and applications. Furthermore, cryogenic technology is used in space exploration for various purposes, including cooling infrared detectors on telescopes and scientific instruments on spacecraft. It plays a role in maintaining the low temperatures required for these instruments to function effectively.

Helium is an inert, non-flammable, and lighter-than-air gas. Its low density allows objects filled with helium to become buoyant and rise in the Earth's atmosphere. This property makes it an ideal choice for lifting applications. Moreover, it is a safe lifting gas because it does not support combustion. This makes it a preferred choice for applications where safety is paramount, such as in passenger-carrying balloons or airships. Helium is used in various processes within semiconductor manufacturing, such as ion implantation, ion beam milling, and chemical vapor deposition. It helps maintain stable and consistent temperatures during these processes, contributing to the quality and precision of semiconductor devices.

According to the Semiconductor Industry Association (SIA), when examining regional performance, it's notable that the Americas market experienced the most substantial growth, with a 16.2% increase in sales in 2022. China, while remaining the single largest market for semiconductors, reported sales of \$180.4 billion in 2022, reflecting a 6.2% decline compared to 2021. In addition, annual sales in Europe and Japan exhibited considerable growth in 2022, with increases of 12.8% and 10.2%, respectively. Thus, a rise in the production and sales of semiconductors increases product demand.

Key Companies & Market Share Insights

The global industry is highly competitive. The majority of manufacturing companies, suppliers, and traders are based in North America and Europe. Rapid industrialization, economic progress, availability of helium-rich reserves, and cheap labour contribute to market growth in these regions. Manufacturers are undertaking various strategic initiatives, such as mergers & acquisitions, partnerships, collaborations, production capacity expansions, and new product launches, to strengthen their market share.

For instance, in October 2023, North America Helium (NAH) announced its seventh facility into production. This facility is located in Cadillac, near Ponteix, Saskatchewan. The upcoming facility will commence with an initial helium production capacity of 22 million cubic feet per year (MMcf/year). Owing to ongoing drilling achievements in the region, NAH is already in the process of devising expansion plans for this facility in 2024.

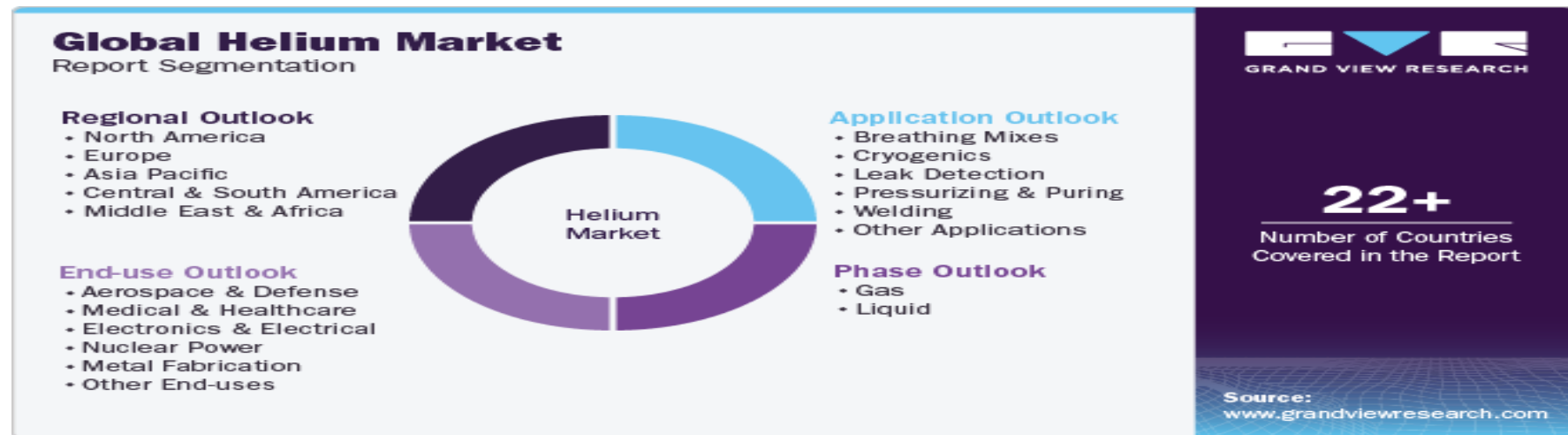
Key Helium Companies:

- Air Products and Chemicals, Inc.
- Linde Plc
- Air Liquide
- Messer Group
- Taiyo Nippon Sanso India

- MESA Specialty Gases & Equipment
- Matheson Tri-Gas Inc.
- Iwatani Corporation
- Gazprom PJSC
- Gulf Cryo S.A.L.
- IACX Energy

Global Helium Market Report Segmentation

This report forecasts volume and revenue growth at global, regional, and country levels and provides an analysis of the latest trends in each of the sub-segments from 2018 to 2030. For this study, Research has segmented the helium market report on the basis of phase, application, end-use, and region:



To

- **Phase Outlook (Volume, Kilotons; Revenue, USD Million, 2018 - 2030)**
 - Gas
 - Liquid
- **Application Outlook (Volume, Kilotons; Revenue, USD Million, 2018 - 2030)**
 - Breathing Mixes
 - Cryogenics
 - Leak Detection
 - Pressurizing & Puring
 - Welding
 - Controlled Atmosphere
 - Other Applications
- **End-use Outlook (Volume, Kilotons; Revenue, USD Million, 2018 - 2030)**
 - Aerospace & Defense
 - Medical & Healthcare
 - Electronics & Electrical
 - Nuclear Power
 - Metal Fabrication
 - Other End-uses
- **Regional Outlook (Volume, Kilotons; Revenue, USD Million, 2018 - 2030)**
 - North America

- U.S.
 - Canada
 - Mexico
- Europe
 - Germany
 - UK
 - France
 - Italy
 - Spain
 - Poland
 - Russia
- Asia Pacific
 - China
 - India
 - Japan
 - South Korea
 - Australia
- Central & South America
 - Brazil
 - Argentina

- Middle East & Africa
 - Saudi Arabia
 - South Africa
 - Qatar
 - Algeria

❖ **Premise of the Value**

International Valuation Standard (IVS) 104 defines the Premise of the Value or Assumed Use describes the circumstances of how an asset or liability is used. It helps the valuer to determine the approach he should use to compute the value of asset and liability. Out of different premises suggested in this International Valuation Standard 104, we have assumed 'Going Concern' of the financial asset as the premise for this valuation work.

❖ **Valuation Base**

As per International Valuation Standard 104, Bases of value describe the fundamental premises on which the reported values will be based. It is critical that the basis (or bases) of value be appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer's selection of methods, inputs and assumptions, and the ultimate opinion of value. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the base of value pertinent to the engagement.

In addition to the IVS-defined bases of value listed below, the IVS have also provided a non-exhaustive list of other non-IVS-defined bases of value prescribed by individual jurisdictional law or those recognised and adopted by international agreement:

a) IVS-defined bases of value:

1. Market Value (section 30),
2. Market Rent (section 40),
3. Equitable Value (section 50),
4. Investment Value/Worth (section 60),
5. Synergistic Value (section 70), and
6. Liquidation Value (section 80).

(b) Other bases of value (non-exhaustive list):

1. Fair Value (International Financial Reporting Standards) (section 90),
2. Fair Market Value (Organisation for Economic Co-operation and Development) (section 100),

Out of above bases mentioned above, we have chosen **'Fair value'** as the base which is considered the most appropriate in the current valuation.

❖ **Valuation Standards**

The Report has been prepared in compliance with Valuation Standards adopted by PVAI Registered Valuers Organisation.

❖ **Valuation Date**

The Valuation is carried to arrive at value as on 30th September, 2024.

❖ **Valuation Methodologies**

Valuation is a forward-looking exercise. There are three broad approaches through which valuation can be done. The approach depends on the method that is being followed to value the asset.

The three approaches are



Asset-based Valuation

Under this approach, the valuation is based on the Balance Sheet. However, it may be noted that balance sheet gives the accurate indication only of short-term assets and liabilities as in the case of long terms ones there may be hidden liabilities that may not be seen on the face of the Balance Sheet. This approach gives a fair estimation of the minimum price. It is relevant in cases where the earning potential of the

company is difficult to be evaluated or estimated or is not getting captured appropriately under the income/market approach. Also it is relevant in the cases liquidation value is to be determined; or income approach and/or market approach cannot be used.

Further cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred as current replacement cost)

IVS 103 on Valuation Approaches and methods specifies that common methodologies for the cost approach are the replacement cost method or reproduction cost method. This method involves determining the value of the assets based on the cost that would have to be incurred to recreate or replicate the asset with substantially the same utility as that of the asset underutilisation.

As in the present case, the scenario is going concern basis, as reflected under earning based and market approaches is of greater importance. Therefore, the cost approach has not been used for current valuation.

Market-based Valuation

The Broad principle of Market Approach is the assumption that if comparable asset is able to fetch a certain price, then the subject asset shall also be able to fetch the same price. This is based on the assumption that market gives an accurate pricing of the asset in question. Under market approach, we estimate the extrinsic value of the asset, i.e., what is the value that the market is paying for a similar and comparable asset.

The most difficult part is to do the selection of a comparable company, as it is very difficult to find two or more companies with the same product/services, assets, portfolio, size, capital structure, profitability and accounting practices and assumptions.

Further the Company (**Airlife**) is not a public listing company and no Public Listed Company provides an identical match to the same transaction type, operations/size/capital structure of the given company, thus the valuation methods of comparable companies (Listed one) cannot be considered for the valuation.

Earning-based Valuation / Income Approach

Discounted Cash Flow - “DCF”

The Income approach derives an estimation of value based on the sum of present value of expected benefits estimated to be derived from assets or business. Economic benefits may be in the nature of dividends and capital appreciation.

In DCF we arrive at the Present value of the equity as on 30th September, 2024 by discounting the future free cash flows of the company at the weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity).

Valuation is always a forward-looking exercise and DCF method work as substantiated & strong valuation tool, as the main focus is on the potential of cash generation of company in future. This DCF method is basically based on the company's capability to generate cash flows in the future. The free cash flows are projected for a certain number of years based on the company growth and discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. A DCF analysis is useful in any situation where a person is paying money in the present with expectations of receiving more money in the future.

An asset is mostly purchased for the value it may be able to derive in the future. Income approach is the most scientific approach as it considers the time value of money and the cash outflows including working capital & capital expenditure that are required for the increased levels of business forecasted.

❖ **Methodology Adopted**

The application of valuation method depends on the purpose and type of the industry of the company, for which the valuation is done. Although there may be different values can be driven with different methods by same valuer. Valuer can apply his professional judgement to choose the method as per details available with him.

In the present case, as per generally acceptable valuation methodologies we have used the DCF method based on the available data and considering the present stage of the business of the Company.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature. Keeping in mind the context and purpose of the valuation report, we have used the DCF method as it captures the growth potential of the business going forward and long-term vision for the investors.

- Therefore, we have used the Discounted Cash Flow method as one of the methods.

Summary

Method	Used or not	Reasons for using and not using the method
Net Asset Value Method	Not Used	• The present case is not the case of replacement of the asset • The company is not under liquidation.

		- The value of the company is estimated on going concern basis, based on future earnings. - Company is having more potential to generate cash in future, because of the Demand in Market
Market Approach	Not Used	Since the company is not a listed company comparable transaction which provides an identical match to the same transaction type, operations/size/capital structure of the given company, couldn't be found.
Discounted Cash Flow Method	Used	For the following reason we have used DCF Valuation is always a forward-looking exercise and DCF method work as substantiated & strong valuation tool, as the main focus is on the potential of cash generation of company in future. Since the Company is a going concern and has potential upcoming projects in hand for future, thus have potential to generate more income/cash in future. Therefore, DCF is used to arrive at the correct value.

We have followed the following steps:

Since the valuation date is 30th September 2024. We have considered actual & unaudited consolidated financials from 01.04.2024 to 30.09.2024 and Projected Financials from 01.10.2024 to 31.03.2025 (signed by Management) projections from FY 2025-26 to FY 2029-30.

Step 1: Earnings before Interest Tax and Depreciation has been considered to arrive at the Free Cash available to Firm (i.e. FCFF). (A)

Step 2: Depreciation & Interest has been deducted to arrive at Profit before Tax and after that Tax has been deducted from the same to arrive at Profit after Tax (B)

Step 3: Tax has been considered at 25.17%

Step 4: Add non-cash charges (Depreciation and amortisation expenses) and Interest (Net of Tax) (C) or $(A-B+C)$

Step 5: Less decrease/ (increase) in working capital(E) or $(A-B+C+/-D+-E)$

Step 6: Investment in capex has been deducted from that

Step 7: This FCFF has been arrived above in Step 6 is discounted with K_0 (Cost of Capital) to arrive at the Present value of firm as on 30th September, 2024.

Step 8: Terminal value is calculated for the period beyond the forecasted period ie 31.03.2030 assuming the business will continue for an indefinite period of time which is calculated as $FCFE_{10} * G / (1-K_0)$

Step 9: Value of the Firm is the sum of Step 7 and Step 8 above.

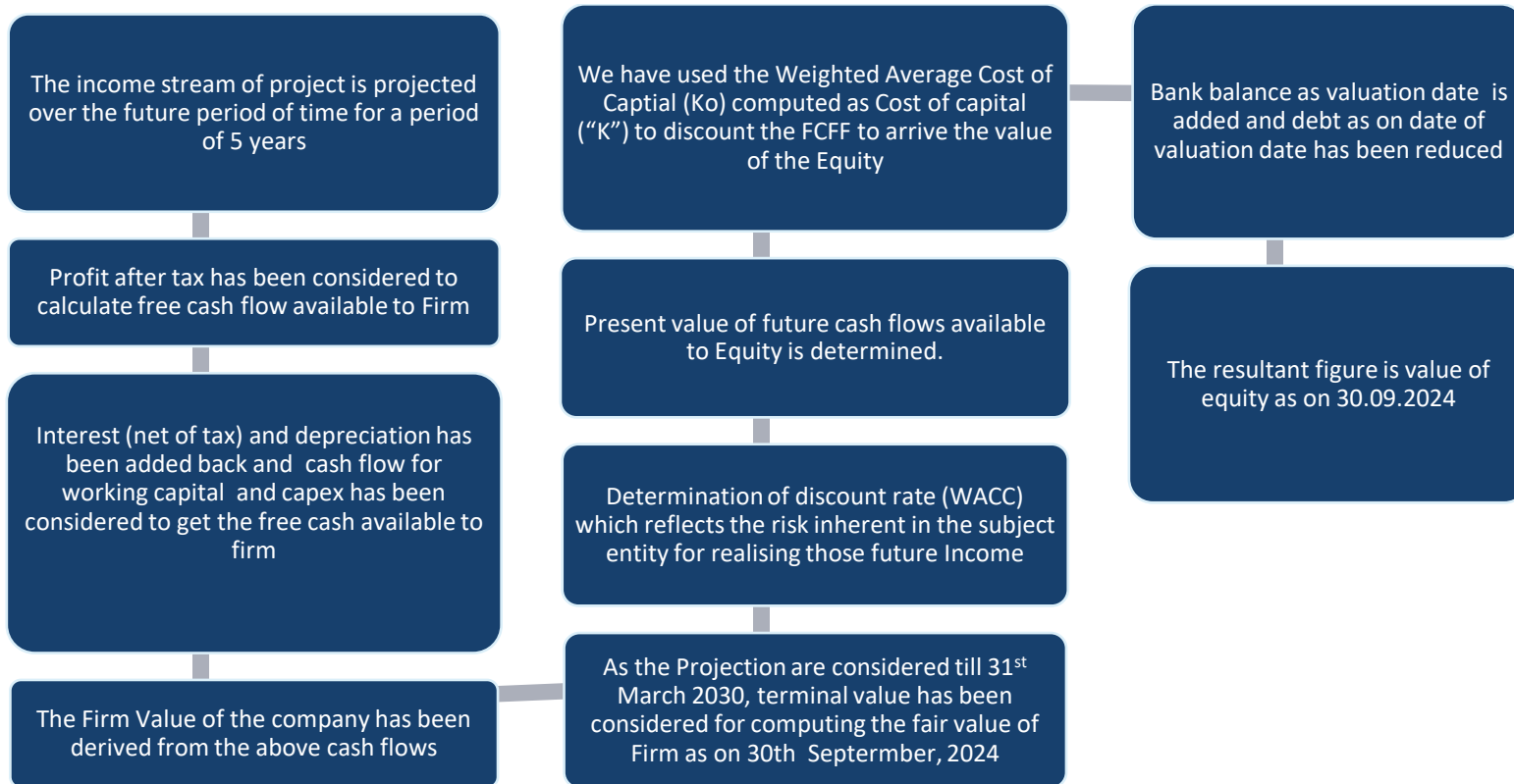
Step 10: Add Cash & Bank Balance as on 30th September, 2024 in step 9 mentioned above.

Step 11: Less loan /debts as on 30th September, 2024 in step 9 mentioned above. (if any)

Step 12: Compute the Fair value of Equity (by adding Cash & Bank Balance in Step 9 in above and reducing loan /debts as on 30th September, 2024 in step 10) mentioned Above. (if any).

For timing factor, we have considered the Midyear Convention (based on the assumption that the cash flow will happen throughout the year)

We have used the Weighted Average Cost of Capital (K_0), (i.e. WACC) computed as Cost of capital (“K”) to discount the FCFF to arrive the value of the Equity. Below is the pictorial diagram of the same.





Computation of Fair Value:

Airlife Gases Pvt Ltd. Computation of Fair Value of Equity as on 30.09.2024 from DCF Method (INR in Crores)								
Particulars	Audited	Actual	Projected	Projected				
	FY ending on	01.04.2024 to	01.10.2024 to	FY ending on	FY ending on	FY ending on	FY ending on	FY ending on
	31.03.2024	30.09.2024	31.03.2025	31.03.2026	31.03.2027	31.03.2028	31.03.2029	31.03.2030
				Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	189.24	88.90	124.98	514.59	867.13	1,081.41	1,251.45	1,323.68
EBITDA	19.50	6.96	39.54	157.82	282.33	347.55	393.68	407.41
Less: Depreciation	1.82	1.46	1.10	6.73	8.07	8.07	8.07	8.07
Less: Interest	2.77	2.02	1.20	7.38	9.79	9.90	8.68	7.99
EBT	14.92	3.48	37.25	143.71	264.48	329.59	376.94	391.36
Less: Taxes	3.31	0.84	9.38	36.17	66.57	82.96	94.87	98.50
PAT	11.61	2.65	27.87	107.54	197.91	246.63	282.06	292.85
Add: Dep & Amortisation	1.82	1.46	1.10	6.73	8.07	8.07	8.07	8.07
Add: Interest on Borrowing (net of tax)	2.13	1.51	0.90	5.52	7.33	7.41	6.49	5.98
Less: Decrease/ (Increase) In Working Capital	-17.75	-7.59	36.94	2.74	-11.88	-17.77	-14.20	-9.16
Less: Capital Expenditure		-7.87	-26.13	-40.00	-20.00	-	-	-
Free Cash Flow to Firm (FCFF)		-9.85	40.68	82.53	181.42	244.33	282.42	297.74
Time Factor (Mid Year Convention)			0.25	1.00	2.00	3.00	4.00	5.00
Discounting Factor			0.94	0.77	0.59	0.45	0.35	0.27
PV of Free Cash Flow to Firm			38.07	63.35	106.91	110.53	98.07	79.37
Calculation of Terminal Value and Value of Firm								
Terminal Value			297.74					
Growth Rate			0.05					
WACC (in %)			0.30					
Terminal Value			1,237.27					
PV of terminal value			329.82					
Sum of Present value			496.31					
Total			826.13					
Adjustments:								
Less: Total Debt as on 30.09.2024			26.29					
Add: Surplus Assets (Cash & Bank Balance)			4.11					
Revised Equity Value(in INR Crores)			803.95					
No. of Equity Shares Outstanding as on 30.09.2024			9050100					
Equity value per share as on 30.09.2024 (INR)			888.34					

Notes:

- **Reason for drop in Profit in FY 2023-24**

- During the FY 2022-23, there was a cyclic shortage of the Helium in the market.
- In addition to the above shortage, one of the biggest helium sources based out of Russia was shut down because of fire occurrence and got functional October 2023 onwards.
- Further, because of the geopolitical situation, US imposed sanctions on the Russia and thus, the Asian market was flooded with surplus Russian product. Which lead to softening the helium prices and thus there was drop in the FY 2023-24 vis-à-vis FY 2022-23.
- Thus, this drop was due to an exceptional reason.

❖ **Valuation Assumptions and Rationale:**

Assumptions and Rationale for the basis of Projections

- The financial figures are taken on consolidated basis.
- Having geographically diversified sourcing arrangements, Airlife is in process of setting up of the new trans fills as below, in addition to the existing trans fills in Pune:
 - USA Transfill 2 – Pennsylvania, in December 2024
 - USA Transfill 3 – Location TBD, in October, 2025
 - Europe Transfill 4 – Location TBD, in October, 2025
 - Asia Transfill 5 – Location TBD (Middle East), in October, 2026
- In addition to Helium, Airlife is also focusing on the ESG required by the semiconductor industry and solar panel manufacturing companies.
- As mentioned above the company has business expansion strategies in 2025, 2026 & 2027, thus there is there is substantial change in Sales.
- Justification for substantial hike in sale in FY (2024-25- 2nd Half)
 - Secured order for supply of bulk liquid helium during this FY from one overseas customer in China.
 - ONGC has awarded the tender for supply of helium equivalent to 50% of their requirement

- AirLife has been able to secure the low-price product from the various sources, which has enabled the company to sell more product at a competitive price in the market.
- f. Justification for substantial hike in sale in FY 2025-26 and FY 2026-27
- AirLife is in process of setting up of the helium refilling facility in Pennsylvania, US which will be functional from Jan'25.
 - Two more helium refilling facilities are proposed to be set up by Sep' 2025, one in the other part of the US and another one in Europe.
 - The company has secured geographically diversified sources for helium procurement, which has helped AirLife to establish its footprints globally.
 - The company is in process of finalising the bulk supply order from the existing customer for China and Taiwan
- g. All these put together will boost the sales in FY 2025-26 onwards.
- h. Other income has been considered @ 5% increase.
- i. It has been assumed that there is no lease income from 2025-26 onwards.
- j. Interest on loan has been considered @9.25% (based on average of existing loan interest).
- k. Company will pay all the loans in future from its profit generated in future (Including Director's Loan).
- l. Loan from the Director is tax free and it has been assumed that loan to relative of the directors will be paid by 31.03.2025.
- m. Tax rate has been charged as per Indian tax rate (25.17%)-Sec 115BAA.
- n. Depreciation has been charged as per SLM Method.
- o. Life of the Assets has been assumed 15 years.
- p. The company would invest in approx. Rs 34 crores in fixed asset in 2025, and Rs 40 crores in 2026 and Rs 20 crores in 2027.
- q. Other current assets and short-term loans and advances has been considered @ 5% increase every year.
- r. Credit period for debtors has been considered 30 days.
- s. It has been assumed that the stock of previous year has been sold in next year.
- t. Other non-current asset has been considered @ 5% increase every year.
- u. Lease reserve has been considered as per lease reserve computation and (Long term Liabilities).
- v. Long term provisions have been considered based on employee expenses.
- w. Credit period for creditors has been considered 30 days.
- x. Creditor for capital asset has been assumed 40% of WDV (based on 30.09.2024 BS).
- y. Short term provisions have been considered @ 5% increase every year.
- z. Other current liabilities have been taken in the trend of FY 2021-22 to FY 2023-24.

Assumption for Cost of Capital

- WACC has been considered for Cost of Capital
- Risk Free Rate- 10 Years Govt Bond- 6.75 %
- Market Return has been considered as per CAGR of BSE Sensex for last 10 years as on 30.09.2024. (12.20%)
- Equity Risk Premium has been computed Market Return Less Risk-Free Return (12.20%-6.75% =5.45)
- Long term growth has been taken 5%
- Beta has been taken unlevered beta for Gas distributor sector for 2024, which is 0.66. Unlevered beta has been converted as per levered beta.
- Tax rate has been considered 25.17% (Indian tax rate)
- Liquidity Risk discount has been considered 21.6%.
- For Debt interest rate 9.25% has been assumed
- In calculating the Average Debt Equity Ratio for 6 years has been considered. Where Equity (Equity Share Capital and Reserve & Surplus) and Debt (Long term borrowing -Secured loan and Unsecured loan and short-term borrowing) has been considered based on Average from 31st March 2025 to 31st March 2030.



Computation of Cost of Capital:

Discount Rate (Cost of Capital): This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and debtholders), weighted by their relative contribution to the total capital. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost of all stakeholders. Discount rate is the aggregate of risk-free rate and risk premium to account for riskiness of the business

Cost of Capital: In order to determine the discount rate, we have used the Weighted Average Cost of Capital (WACC).

Cost of Equity: Capital Asset Pricing Model (“CAPM”) methodology.

Capital asset pricing model (CAPM)*

$$K_e = R_f + \beta_e \times EMRP$$

Where,

- R_f = Risk free rate = 6.75%
- EMRP= Equity Risk Premium 5.45
- β_e = Unlevered beta or systematic risk (0.66) for GAS Distributor
- Liquidity Risk Premium has been considered 21.6%
- Cost of Debt 9.25%
- Tax Rate has been considered @ 25.17%
- Avg Debt Equity Ratio is .08

The Cost of Capital (WACC) is therefore, derived to be 30.27%

E. CAVEATS, LIMITATIONS AND DISCLAIMER

❖ Restriction on use of the Report:

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. **Airlife** is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude **Airlife** from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report. The report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

No change of any item in this appraisal report shall be made by anyone other than us and we shall have no responsibility for any such unauthorized change.

❖ Distribution of Report:

The Analysis of this valuation is highly confidential and has been done exclusively for **Airlife**. It should not be used, circulated or reproduced to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written approval of the Registered Valuer (Sudha Bhushan). Such consent will only be given after considering the circumstances at that time. However, we do understand that the report will be shared with the stake holders /and for statutory compliances. The conclusion of value as reported herein this report is valid only for the stated purpose as of the date of the valuation.

❖ **Confidentiality, Disclaimer and Scope Limitation**

1. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
2. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
3. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. **Accordingly, we express no audit opinion or any other form of assurance on this information.**
4. Public information and industry have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
5. We do not provide assurance on the achievability of the results forecasted by Airlife, because events and circumstances frequently do not occur as expected, differences between actual and expected results may be material, and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
6. The realization of the projections will be dependent on the continuing validity of assumptions on which it is based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the future plans.
7. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. **Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.**
8. Neither all nor any part of the contents of this report especially the conclusion of value, should be disseminated to the public through any means of communication without prior written consent and approval of the valuer.
9. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future change in state, or local legislation.

10. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
11. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
12. If prospective financial information approved by management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.
13. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged. The actual market price achieved may be higher or lower than our estimate of [value/value range] depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control and marketability will also affect actual market price achieved.
14. We have placed the reliance on the representations of the owners/clients, their management. No procedure performed to corroborate information taken from reliable external sources.
15. We have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party for any dispute. The valuation has been carried out independently to assess the valuation services. We have no present or planned future interest in [company] or any of its group companies and the fee for this report is not contingent upon outcome of the transaction. Our valuation should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with company.
16. We have made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement rather, treated as “a supposition taken to be true”. If any of these assumptions prove to be incorrect then our estimate on value will need to be reviewed.

17. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.
18. We have not undertaken or seen the compliances under Income Tax Act, 1961, Companies Act 2013 and any other Act. -
19. The valuation contemplates facts and conditions existing as of the valuation date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report or calculation of value for such events, happenings and conditions.

F. CONCLUSION

Using the Income Based Valuation approach and subject to scope and limitations of our work as mentioned in Part E, Sources of Information in Part B and Part C, Valuation methodology and calculations in Part D, the Fair value of the Equity Share of **Airlife Gases Private Limited** as on 30th September, 2024 is Rs **888.34/-**.